

HOUSE BILL No. 1730

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-3-22.5; IC 6-1.1-12.4.

Synopsis: Property tax assessments. For property tax assessments in years after 2005, reinstates the personal property assessment rule of the department of local government finance originally intended to apply beginning in 2002 and voided effective January 1, 2003. Establishes a deduction that phases in over three years the addition to the assessment rolls of the assessed value resulting from personal property installation and rehabilitation and real property construction and rehabilitation. Provides that the deduction does not apply to inventory, retail property, and new home construction.

Effective: January 1, 2006.

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January 19, 2005, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

HOUSE BILL No. 1730

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-3-22.5 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JANUARY 1, 2006]: **Sec. 22.5. (a) Except to the extent**
4 **that it conflicts with a statute, 50 IAC 4.3 (as in effect December 31,**
5 **2002) is reinstated as a rule.**

6 **(b) Tangible personal property within the scope of 50 IAC 4.3**
7 **(as in effect December 31, 2002) shall be assessed on the assessment**
8 **dates in calendar years 2006 and thereafter in conformity with 50**
9 **IAC 4.3 (as in effect December 31, 2002).**

10 **(c) The publisher of the Indiana Administrative Code shall**
11 **publish 50 IAC 4.3 (as in effect December 31, 2002) in the Indiana**
12 **Administrative Code.**

13 **(d) 50 IAC 4.2 and any other rule to the extent that it conflicts**
14 **with this section is void with respect to the assessment of tangible**
15 **personal property for assessment dates in calendar year 2006 and**
16 **thereafter.**

17 **(e) 50 IAC 4.2 (as in effect on January 1, 2005) applies to the**



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1 assessment of tangible personal property for assessment dates after
2 the effective date of that rule and before calendar year 2006.

3 SECTION 2. IC 6-1.1-12.4 IS ADDED TO THE INDIANA CODE
4 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
5 JANUARY 1, 2006]:

6 **Chapter 12.4. Assessment Phase-in Deduction**

7 **Sec. 1. For purposes of this chapter:**

8 (1) "personal property" does not include:

9 (A) inventory (as defined in IC 6-1.1-3-11); and

10 (B) personal property used by a retail business;

11 (2) "real property" does not include:

12 (A) a single family dwelling if the first year in which the
13 dwelling would otherwise qualify for the deduction under
14 this section is the first year the dwelling is subject to
15 assessment; and

16 (B) real property used by a retail business; and

17 (3) "rehabilitate" means to remodel, repair, or improve in any
18 manner.

19 **Sec. 2. (a)** Subject to subsection (f) and section 3 of this chapter,
20 a taxpayer that installs or rehabilitates personal property for
21 which the taxpayer is liable for property taxes is entitled to a
22 deduction from the assessed value of the personal property. For
23 purposes of this subsection, personal property is considered to be
24 installed if the property is installed as described in 50 IAC 10-1-2,
25 as in effect on January 1, 2005.

26 **(b)** Subject to subsection (f) and section 3 of this chapter, a
27 taxpayer that constructs or rehabilitates real property for which
28 the taxpayer is liable for property taxes is entitled to a deduction
29 from the assessed value of the real property.

30 **(c)** The deduction under this section is available in:

31 (1) the year in which:

32 (A) the personal property or real property is first subject
33 to assessment; or

34 (B) the rehabilitation of the real property results in an
35 increased assessed valuation of the real property; and

36 (2) the immediately succeeding year.

37 **(d)** The amount of the deduction that a taxpayer may receive for
38 the year referred to in subsection (c)(1) equals the product of:

39 (1) the assessed value for that year resulting from:

40 (A) the installation of the personal property, or the
41 rehabilitation of the personal property to the extent the
42 rehabilitation results in an assessed value that exceeds the

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assessed value of the personal property for the immediately preceding year; or

(B) the construction or rehabilitation of the real property; multiplied by
(2) sixty-six percent (66%).

(e) The amount of the deduction that a taxpayer may receive for the year referred to in subsection (c)(2) equals the product of:

(1) the assessed value of:

(A) the personal property installed in the year referred to in subsection (c)(1) determined for the year referred to in subsection (c)(2);

(B) the personal property rehabilitated in the year referred to in subsection (c)(1) to the extent the rehabilitation results in an assessed value for the year referred to in subsection (c)(2) that exceeds the assessed value of the personal property that would have applied for the year referred to in subsection (c)(2) if the rehabilitation had not occurred; or

(C) the real property determined for the immediately preceding year under subsection (d)(1)(B) as adjusted:

(i) in a general reassessment of real property under IC 6-1.1-4-4; or

(ii) under IC 6-1.1-4-4.5;

multiplied by

(2) thirty-three percent (33%).

(f) A property owner that qualifies for a deduction for a year under:

(1) this section; and

(2) another statute;

with respect to the same real property or personal property may not receive a deduction for the property under both statutes for that year.

(g) A property owner is not required to file an application to qualify for the deduction under this section. The county auditor shall:

(1) make the deduction; and

(2) notify the county property tax assessment board of appeals of all deductions approved;

under this section.

Sec. 3. If ownership of the personal property or real property changes:

(1) the deduction provided under this chapter continues to

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1 apply to the property; and

2 (2) the amount of deduction is:

3 (A) the percentage under subsection 2(d)(2) or 2(e)(2) of
4 this chapter that would have applied if the ownership of
5 the property had not changed; multiplied by

6 (B) the assessed value of the property for the year the new
7 owner is entitled to the deduction.

8 **Sec. 4. The department of local government finance shall adopt**
9 **rules under IC 4-22-2 to implement this chapter.**

10 SECTION 3. [EFFECTIVE JANUARY 1, 2006] IC 6-1.1-3-22.5
11 and IC 6-1.1-12.4, both as added by this act, apply only to property
12 taxes first due and payable after December 31, 2006.

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